



**Director of  
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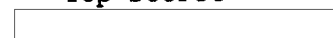
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POLAND-USSR: Cautious Reaction by Solidarity

*Statements by the Soviet and Polish Governments have evoked a sense of caution within Solidarity's leadership but apparently have heightened militancy among local union activists.*

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The union's national leadership canceled a meeting on Saturday that was slated to draft a response to the Soviet warning and instead met with Archbishop Glemp. Union leaders have delayed--probably until tomorrow--a meeting to devise strategy.

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Solidarity's national press editors are receiving numerous, militant messages from local chapters, but are not publishing the most defiant; a union source stated that the leadership realizes it should not push the government too far. At the same time, some union leaders are "planning for the worst," presumably a reference to a possible declaration of martial law or Soviet intervention.

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The Church is actively trying to play a moderating role. Glemp's meeting with Solidarity leaders apparently was arranged at the Church's request and on short notice, and his message may have been similar to the statement yesterday by Pope John Paul II. In one of his most direct public statements on events in Poland, the Pope appealed for resumption of a dialogue between the two sides. Whatever moderation the Church is counseling in private, it did not delay issuing its annual criticism of the restrictions on the Polish media.

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The government, meanwhile, continues to keep pressure on Solidarity. Premier Jaruzelski yesterday chaired the second "emergency" session since Thursday of the Council of Ministers. Government leaders reportedly "assessed the state of readiness of the organs of state administration" and made "several necessary decisions," ambiguous phrasing that could point to a possible declaration of martial law.

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The communique sought to give the impression, however, that the main purpose of the meeting was to discuss economic preparations for the winter. Local governors and mayors attended the session. [REDACTED]

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#### Moscow Maintains Pressure

Soviet press commentary over the weekend made it clear that Moscow does not believe that Warsaw has gone far enough in criticizing Solidarity and in preparing action against the union. A summary by TASS of the communique issued on Friday by the Polish Council of Ministers dropped passages that suggested a gradualist approach may still be possible. [REDACTED]

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TASS altered the communique's final passage, which noted that certain unspecified measures "may turn out to be essential," into a more definitive "will be essential." TASS also repeated criticism by the Czechoslovak party newspaper that Polish authorities have not acted decisively enough against the "fifth column" in Solidarity, which seeks to sever the Soviet-Polish alliance. [REDACTED]

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Moscow believes that the Polish regime can and should ensure that Solidarity takes no further actions along the lines of its appeal to Soviet and East European workers. Until Moscow is reassured on this score, it will continue to increase its pressure on the Poles. [REDACTED]

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#### Military Situation Unchanged

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[REDACTED] Recent satellite photography of units of six Polish divisions showed no evidence of impending large-scale activity. In addition, units of two Soviet divisions that participated in the Zapad-81 exercise had returned to their garrisons. [REDACTED]

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YUGOSLAVIA: Low Military Morale in Kosovo

*Poor morale among the enlisted ranks of the regular military forces serving in Kosovo Province recently has spread to include some junior and mid-level officers.* [redacted]

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Last month a group of officers petitioned the Defense Ministry, urging the federal authorities to seek a political solution to the unrest there. The troops have been in Kosovo since April, and the officers--confronted with a resentful local Albanian population--apparently fear that they will have to maintain order over a prolonged period. Should the unrest in the military spread to the senior officers, Belgrade will come under strong pressure to make political concessions that would relieve the military of some of its responsibilities in the province. [redacted]

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While the large force of regulars in Kosovo has prevented any new large demonstrations, there is still agitation by Albanian nationalists and open resentment of the military among the local Albanian youth. Renewed disturbances are particularly likely to occur when the universities reopen early next month. [redacted]

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The military is one of the strongest unifying institutions in Yugoslavia. It responded unquestioningly in supporting Tito during past periods of internal stress. If dissension within the military over its task in Kosovo becomes more serious, this could raise some doubts in Belgrade about the military's ability to play the same role in the post-Tito era. [redacted]

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EC-TURKEY: Conditions on Aid

*Chances for EC approval of financial aid to Turkey have improved following token concessions by the Turkish Government.* [redacted]

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The approval of \$618 million in EC credits over a five-year period was held up this summer when opponents of Turkey's military government in the European Parliament prevented the adoption of an opinion in favor of the aid. Although parliamentary approval is not necessary for authorization of the credits, the EC Commission felt constrained by political and public opinion considerations to put off the issue until fall so that anticipated developments in Turkey could weaken the position of opponents. [redacted]

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The Commission then informed Turkey that release of the aid would require at least some token gesture by the Turkish Government which it could cite as evidence of progress toward a return to democracy. The Commission hoped for movement in at least one of three areas: a promise of increased participation by political parties in a future legislative assembly; more tolerance of trade union activity; or reduction of the 90-day detention provision. [redacted]

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The Turkish authorities recently responded to the EC request by reducing the detention period to 45 days and allowing a one-week labor seminar--the first public labor activity since September 1980. Although most West European opponents of aid to Turkey will argue that the crucial condition of increased political party activity remains unfulfilled, the Turkish concessions probably will lead to release of the EC aid. [redacted]

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Even if the Parliament votes against the aid, the Commission and EC governments can claim that it is unreasonable in light of the Turkish concessions. West Germany's recent decision to release \$250 million in economic and military aid approved earlier despite considerable domestic opposition should also provide a useful precedent in favor of granting the aid. [redacted]

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USSR: New Surface-to-Air Missile

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The testing demonstrates interest in improving tactical air defenses in forward battle areas. The system could be operational in the mid-to-late 1980s.

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The missile launcher platform appears to be similar to that of the SA-8, a short-range SAM system that became operational in 1974 and is in widespread use by Soviet ground forces. The radar antennas, however, are different from those of the SA-8, indicating that a different tracking and guidance technique may be used.

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BRAZIL: Chaves Named Acting President

Vice President Chaves, who assumes the functions of the presidency this week on an interim basis following President Figueiredo's heart attack on Friday, will be the first civilian to head the government since the military took power 17 years ago. Although Figueiredo reportedly is recuperating, the seriousness of his condition remains unclear. [REDACTED]

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In the event of the President's death, Chaves--a firm supporter of Figueiredo's liberalization policies--could encounter difficulties in dealing with the military. A lack of effective leadership would jeopardize the government's policy of gradual liberalization and complicate its attempts to stabilize the economy and to lay the groundwork for national elections in November 1982. [REDACTED]

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SPECIAL ANALYSES

EL SALVADOR: Reaction to French-Mexican Declaration

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*Negative hemispheric and ambivalent West European reactions to the recent French-Mexican declaration recognizing the Salvadoran insurgents as "a representative political force" in El Salvador have reduced its potential benefits for the guerrillas and at this point appear to have backfired on the cosigneers.*

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The timing of the declaration, which coincided with increasingly effective guerrilla actions, constitutes an extension of the Lopez Portillo administration's policy regarding Central America. While guerrilla successes have reinforced Mexico's belief that the insurgents will prevail, they also have heightened concern that greater US support of the Duarte government will push the rebels closer to Cuba and the USSR. The Mexicans believe that such a development could transform a national revolution into an East-West conflict threatening all of the region.

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While France--like Mexico--hoped its recognition of the guerrillas would contribute to a negotiated settlement, other considerations also played a role. President Mitterrand probably regarded the declaration as a means to demonstrate his Socialist credentials, enhance France's standing in the Third World, and expand commercial ties with Mexico. At the same time, France probably believes that its recent support of US positions on TNF and tough stand against the Soviets will mitigate any public criticism by Washington.

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Unexpected Reactions

Neither France nor Mexico anticipated such a negative or broadly based reaction to the declaration. The French reportedly expected backing from several Latin American countries, and apparently were unprepared for the prompt reaction of nine area nations labeling the joint declaration interference in Salvadoran internal affairs. The fact that the countereffort was led by Venezuela--considered by the Mitterrand administration

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to be the most democratic country in the region--probably will dampen French Foreign Ministry interest in pushing the initiative. [REDACTED]

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Although Mexican Foreign Secretary Castaneda recognized that Mexico was in a position of "relative isolation" in Latin America on the matter, he predicted significant European support shortly after the declaration. This has not materialized, and it is not likely to--given the reluctance in most European nations to antagonize voluntarily the US on an issue of marginal importance to them.

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### Political Fallout

France's distance from Central America will help shield it from much of the direct political fallout. A Socialist International Bureau meeting in Paris this week, however, will keep attention focused on El Salvador and indirectly on the French role. [REDACTED]

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Mexico's miscalculation is more serious, and appears to have damaged the credibility of the Lopez Portillo administration. Moreover, many Latin American governments previously silent about El Salvador have now spoken up. Since the counterdocument was issued, Brazil and four other Latin American countries have made separate statements taking exception to the declaration. [REDACTED]

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Mexico previously has answered hemispheric criticism of its policy on Central America by noting that it generally comes from rightist regimes. This time, however, the extent of the criticism precludes this tack. Moreover, Mexico recognizes that by further alienating hemispheric governments, it could jeopardize efforts to ensure a successful North-South summit in October at Cancun. [REDACTED]

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As a result, the Lopez Portillo administration--while continuing to try to elicit international support for the declaration--may still attempt some fence mending at the UN General Assembly meeting. In the meantime, it will keep a close eye on the military situation in El Salvador, hoping that additional guerrilla gains will justify its recognition of insurgent forces. [REDACTED]

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## ITALY: Prospects for the Center-Left

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*Since the reconvening of parliament earlier this month, Prime Minister Spadolini has tried to focus the energies of his government on economic problems. Republican Party leader Spadolini's ruling five-party coalition is too divided, however, to make hard decisions. It is constantly distracted and weakened by the struggle between the two largest parties, the Christian Democrats and Socialists, to gain the prime ministry. The future of Spadolini's government as well as the prospects for the center-left alliance underlying it depends on the outcome of this struggle. Unless the Christian Democrats and Socialists can come to terms, the resulting impasse will lead to a new Communist party bid for seats in the cabinet.*

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The Christian Democrats have suffered a number of reverses and appear to be losing their dominant grip on Italian politics; they must reclaim the prime ministry if they are to make a comeback. Virtually all party leaders acknowledge that they must first stop the Socialists and reestablish their own ability to dispense patronage at the local level before they can recoup lost electoral support. Consequently, the party is threatening to join with the Communists in forming local governments in several key regions unless the Socialists agree to ironclad center-left alliances in those localities and in Rome.

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Despite agreement on this tactic, the two wings of the Christian Democratic Party have different objectives. The conservatives hope to scare the Socialists into acquiescing in a Christian Democrat - led coalition to replace Spadolini, while the left wing hopes that real cooperation will develop with the Communists at the local level and lead to a similar arrangement at the national level. These differences will persist, and the party is unlikely to show any greater unity of purpose at the next critical juncture than it has since its last real leader, Aldo Moro, was murdered in 1978.

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Socialists Trying To Keep Momentum

The Socialists view the prime ministry as essential to ensuring a central role in national politics, and they are unlikely to be deterred by the threats of the Christian Democrats. Socialist chief Craxi knows that his party's chances to win depend on its ability to transform growing support in local elections into votes in a national contest. Although the party almost certainly will continue attacking the Christian Democrats' "misrule," Craxi needs their support to attain the prime ministry and might be willing to back a Christian Democrat for the Presidency of the Republic--currently held by a Socialist--to placate them. [ ]

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Craxi also will try to appease the Communists and keep the Socialist rank and file behind him by cultivating ties with the Communists in key localities and paying lipservice to leftist unity. The Socialists, however, aim to displace the Communists as the most important party on the left, and they will keep their distance in the absence of further "democratic evolution" by the Communists. The Socialists, however, probably cannot maintain this balance between the larger parties. [ ]

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Communists Look for an Opening

The Communists' longer term goal is still to participate in a coalition with the Christian Democrats, Socialists, and smaller parties. They know, however, that they figure only marginally in the plans of either of the other major parties, and they are virtually certain to try to disrupt the center-left alliance to get back into the political game. The party's failure thus far to capture a share of power in Rome has caused unprecedented strains in its leadership that complicate the Communists' task. [ ]

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Communist chief Berlinguer is attacking these difficulties by pushing for a coalition led by the Communists and Socialists, but excluding the Christian Democrats. He hopes that this tactic will lure the Socialists out of their current alliance and encourage leftwing Christian Democrats and Socialists to lobby within their parties for a government that includes the Communists. [ ]

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At the local level, the Communists will continue to urge the Socialists to remain loyal to the many existing Socialist-Communist alliances. They also would welcome coalitions with the Christian Democrats to provide a precedent for a similar alliance in Rome. Berlinguer is convinced that the center-left alliance will be destroyed by its internal contradictions with or without Communist help and pave the way for the party to reach its goal. [ ]

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#### Center-Left Prospects Dim

The three parties probably are headed toward an early general election, possibly as early as next spring. In the meantime, the political strategies of the parties will mature as they fight their battles over substantive issues during Spadolini's tenure. [ ]

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The conflicting aims of the Christian Democrats and Socialists make compromise on the leadership question difficult. The Christian Democrats see value in continuing the center-left coalition only if they secure the prime ministry with Socialist support or extract an acceptable price from them in exchange for the prime ministry. The Socialist leadership, on the other hand, cannot pay the price without risking a revolt within the party rank and file. [ ]

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Since both parties have linked their futures to the prime ministry, either probably would prefer to cast its lot with the Communists rather than be defeated by the other. The Christian Democrats are likely to unite in self-defense and turn to the Communists to preserve their preeminence. [ ]

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If Craxi should stumble in his quest to lead the center-left, he might be driven to propose an alliance with the Communists to attain the prime ministry and keep his hard-fought gains. Although Communist leverage over the center-left alliance is indirect and limited, the trends developing within that alliance seem to be driving toward an eventual role for the Communists in a government in Rome. [ ]

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